

The Hotel Operators' Occupation Tax Act imposes a tax upon persons engaged in the business of renting, leasing or letting rooms in a hotel. See 86 Ill. Adm. Code 480.101. (This is a GIL).

September 7, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated June 30, 1999 that we received on July 15, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

This firm represents COMPANY which operates one or more hotel facilities in your state. Please provide me with written guidance as to whether or not a fee charged by COMPANY for the cancellation of a reserved room would be subject to sales/use tax in your state.

It is my understanding that you will provide this guidance at no cost to the taxpayer. Please advise should you have any questions.

The Hotel Operators' Occupation Tax Act imposes a tax upon persons engaged in the business of renting, leasing or letting rooms in a hotel. See 86 Ill. Adm. Code 480.101, enclosed. The Hotel Operators' Occupation Tax applies to gross receipts received from a person who occupies a room or becomes irrevocably liable to pay rent for the right to occupy a specific room or rooms. This means that when a person becomes liable for paying a charge to rent a room, those gross receipts are subject to tax whether or not the person shows up to occupy the room. Please refer to 86 Ill. Adm. Code 480.101(c)(1).

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

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